BUDGET AGGREGATES—Continued

[On-budget amounts, in millions of dollars]

	Fiscal Year 2008 [1]	Fiscal Year 2009 [1 2]	Fiscal Years 2009–2013
Outlays	0	0	n.a.
Revenues	0	0	340,570
Revised Aggregates:			
Budget Authority	2,456,198	2,462,544	n.a.
Outlays	2,437,784	2,497,322	n.a.
Revenues	1,875,401	2,029,653	12,120,833

[1] Current aggregates do not include spending covered by section 301(b)(1) (overseas deployments and related activities). The section has not been triggered to date in Appropriations action.

[2] Current aggregates do not include Corps of Engineers emergency spending assumed in the budget resolution, which will not be included in current level due to its emergency designation (section 301(b)(2)).

n.a. = Not applicable because annual appropriations Acts for fiscal years 2010 through 2013 will not be considered until future sessions of Congress.

CONSOLIDATION IN OUR NEWS OUTLETS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. INSLEE) is recognized for 5 minutes.

Mr. INSLEE. Mr. Speaker, the previous speaker alluded to a financial crisis we are now in that has occurred in part because of greed and avarice and incompetence and perhaps fraud, but it's also arisen because of the lack of an honest, tough regulatory system to rein in those abuses that has been most unfortunate during the last several years. It's happened sort of in the dead of the night, and it points out the need for Uncle Sam to provide a regulatory system that really stands up for hardworking Americans.

And I come to talk about one of those things that we need, which is a regulatory system to make sure that Americans have access to multiple sources of information so that we can make studied, reasoned decisions about public policy. And unfortunately, under the Bush administration, which I must say has not done a heck of a job in regulating the financial services industry the last few years, has also not done a heck of a job recently in providing a regulatory structure that would give Americans access to multiple sources of information in our news outlets.

Specifically, what I'm concerned about, I'd like to talk about tonight, is the Federal Communications Commission, under this administration, has attempted to allow greater consolidation in our media outlets which basically reduces the sources and multiple diverse sources of information that Americans receive, and this has happened in the dark of the night. I'd like to address this problem tonight.

Many of my colleagues have advocated against the consolidation of our news outlets because we know having multiple sources of information is healthy for public debate. It's absolutely intrinsic to a functioning democracy, and that's why we were outraged when the FCC voted last December to lift a ban on one company owning a daily newspaper and a broadcast station in the same market, too much consolidation.

□ 2115

FCC Chairman Kevin Martin claimed that the new rules applied only in our Nation's biggest markets. Unfortunately, we found out that that was simply not the case. The new rules contained enormous loopholes that would allow companies to easily obtain permanent waivers that would allow this illicit and unnecessary consolidation in our media markets.

Now this process has also lacked transparency. Americans have not had a fair shake to weigh in on this decision. Prior to the vote, the FCC held six town hall meetings during the course of the year. And even though the FCC gave little notice, thousands of people showed up to express concerns about what the Bush administration was doing here.

The last public hearing the FCC held was in my hometown of Seattle this last November. Along with Senator MARIA CANTWELL, I called on Chairman Martin to give the public at least 4 weeks' notice prior to a town hall meeting. Well, clearly in an effort to reduce public response, they gave us about 4 days' notice. Nonetheless, 1,000 citizens showed up to express a relatively unanimous opinion against any more media consolidation, against the position the FCC was advocating.

However, the FCC Chair did not listen to those people. I know this because it turns out—I thought this was a little embarrassing for the FCC chairman—it turned out he had written an op-ed piece for the New York Times in favor of further possible consolidation and submitted it to the paper even before he got done with the hearings. And then he came out to Seattle and purported to be listening to the Americans. He'd already formed his opinion and had written an op-ed about what he was going to do. It wasn't a very fair process.

This is in part why I had introduced bipartisan legislation prior to the vote calling on the Commission to conduct its ownership proceedings with greater transparency and to deal with the crisis in minority and female ownership of broadcast stations. It's shameful that people of color own just 3 percent and women 5 percent of our Nation's TV stations.

Following the December vote, the Senate introduced and passed a resolution of disapproval in May by a nearly unanimous voice vote. This enjoyed broad bipartisan support. We know where Americans stand on this issue. They do not want to continue the increasing consolidation in the media market.

I've introduced a resolution of disapproval. We have over 50 cosponsors. We're going to run out of time to get this bill passed this year, but I want to congratulate the public whose vigorous opposition to this consolidation has allowed our voices to be heard. There have been no new major media mergers that have taken place in the broadcast industry while we have been fighting this battle.

I want to congratulate people for fighting this effort, and we will continue our efforts into the next Congress.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kentucky (Mr. DAVIS) is recognized for 5 minutes.

(Mr. DAVIS of Kentucky addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

CRONY CAPITALISM

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from North Carolina (Ms. FOXX) is recognized for 5 minutes.

Ms. FOXX. Mr. Speaker, the American people won an important victory today, and we all should celebrate it. The Democrats finally allowed the moratorium on offshore drilling to expire. They did that because of the pressure brought on them by their constituents and by the 135 Republicans who stayed on this floor every day in August while the Democrats were on vacation, and we spoke on the floor every day before that and since then.

We called to the attention of the American people every day that the Democrats are in charge of the Congress and it was under their charge that gas prices doubled.

So, when someone says to you there's no difference between Democrats and Republicans, you can point to this example of leadership by Republicans and how we brought this to the American people and with this support, changed the position of the Speaker.

Now we have another task before us. It is our task to inform the American public about who is responsible for the U.S. mortgage and credit problem that we are grappling with.

This is not a failure of the markets. But it is a failure of government.

Mr. Speaker, I would like to put in the RECORD an editorial from investors.com entitled ''Crony Capitalism Is Root Cause of Fannie And Freddie Troubles.''

''In the past couple of weeks, as the financial crisis has intensified, a new talking point has emerged from the Democrats in Congress: This is all a 'crisis of capitalism,' in socialist financier George Soros' phrase, and a failure to regulate our market sufficiently.

''This is a crisis of politically driven crony capitalism, to be precise.

''Indeed, Democrats have so effectively mastered crony capitalism as a governing strategy that they've convinced many in the media and the public that they had nothing whatsoever to do with our current financial woes.

''Funny, because over the past 8 years, those who tried to fix Fannie Mae and Freddie Mac—the trigger for today's widespread global financial meltdown—were stymied repeatedly by congressional Democrats.''

And as my colleagues on both sides of the aisle tonight have pointed out, these problems have been brought on under the leaders who were Democrats when Congress was controlled by the Democrats on several occasions.

''Although some key Republicans deserve blame as well, it was a concentrated Democratic effort that made reform of Fannie and Freddie impossible.''

In fact, earlier tonight on FOX News, to their credit, they showed comments being made by Chairman FRANK and Chairman SCHUMER about why Fannie and Freddie were great and didn't need any reform, and going back to 2001 pointed out how President Bush and members of his Cabinet pointed out we were going to have a crisis because of Fannie and Freddie. As my colleague just previously said, we don't have enough regulations of these markets, but I would say we have the wrong kind of regulations, and more and more is going to come out about that and put it where it deserves.

Again, I'm going to quote some more from this article:

''Fannie and Freddie gobbled up the market. Using extraordinary leverage, they eventually controlled 90 percent of the secondary market mortgages. Their total portfolio of loans topped $5.4 trillion—half of all U.S. mortgage lending. This created the problem that we're having today.''

But they also ''became a kind of jobs program for out-of-work Democrats.

''Franklin Raines and Jim Johnson, the CEOs under whom the worst excesses took place in the late 1990s to mid-2000s, were both high-placed Democratic operatives and advisors to Presidential candidate BARACK OBAMA.

''On the surface, this sounds innocent. Someone has to head the highly political Fannie and Freddie, right? But this is why crony capitalism is so dangerous. Those in power at Fannie and Freddie, as the sirens began to wail about some of their more egregious practices, began to bully those who opposed them.

''We now know that many of the Senators who protected Fannie and Freddie, including BARACK OBAMA, HILLARY CLINTON and CHRISTOPHER DODD, have received mind-boggling levels of financial support from them over the years.''

The SPEAKER pro tempore. The time of the gentlewoman has expired.

Ms. FOXX. Thank you, Mr. Speaker.

''CRONY'' CAPITALISM IS ROOT CAUSE OF FANNIE AND FREDDIE TROUBLES

(By Terry Jones)

In the past couple of weeks, as the financial crisis has intensified, a new talking point has emerged from the Democrats in Congress: This is all a ''crisis of capitalism,'' in socialist financier George Soros' phrase, and a failure to regulate our markets sufficiently.

Well, those critics may be right—it is a crisis of capitalism. A crisis of politically driven crony capitalism, to be precise.

Indeed, Democrats have so effectively mastered crony capitalism as a governing strategy that they've convinced many in the media and the public that they had nothing whatsoever to do with our current financial woes.

Barack Obama has repeatedly blasted ''Bush-McCain'' economic policies as the cause, as if the two were joined at the hip.

Funny, because over the past 8 years, those who tried to fix Fannie Mae (FNM) and Freddie Mac (FRE)—the trigger for today's widespread global financial meltdown—were stymied repeatedly by congressional Democrats.

This wasn't an accident. Though some key Republicans deserve blame as well, it was a concerted Democratic effort that made reform of Fannie and Freddie impossible.

The reason for this is simple: Fannie and Freddie became massive providers both of reliable votes among grateful low-income homeowners, and of massive giving to the Democratic Party by grateful investment bankers, both at the two government-sponsored enterprises and on Wall Street.

The result: A huge taxpayer rescue that at last estimate is approaching $700 billion but may go even higher.

It all started, innocently enough, in 1994 with President Clinton's rewrite of the Carter-era Community Reinvestment Act.

Ostensibly intended to help deserving minority families afford homes—a noble idea—it instead led to a reckless surge in mortgage lending that has pushed our financial system to the brink of chaos.

SUBPRIME'S MENTORS

Fannie and Freddie, the main vehicle for Clinton's multicultural housing policy, drove the explosion of the subprime housing market by buying up literally hundreds of billions of dollars in substandard loans—funding loans that ordinarily wouldn't have been made based on such time-honored notions as putting money down, having sufficient income, and maintaining a payment record indicating creditworthiness.

With all the old rules out the window, Fannie and Freddie gobbled up the market. Using extraordinary leverage, they eventually controlled 90% of the secondary market mortgages. Their total portfolio of loans topped $5.4 trillion—half of all U.S. mortgage lending. They borrowed $1.5 trillion from U.S. capital markets with—wink, wink—an ''implicit'' government guarantee of the debts.

This created the problem we are having today.

As we noted a week ago, subprime lending surged from around $35 billion in 1994 to nearly $1 trillion last year—for total growth of 2,757% as of last year.

No real market grows that fast for that long without being fixed.

And that's just what Fannie and Freddie were—fixed. They became a government-run, privately owned home finance monopoly.

Fannie and Freddie became huge contributors to Congress, spending millions to influence votes. As we've noted here before, the bulk of the money went to Democrats.

DOLLARS TO DEMS

Meanwhile, Fannie and Freddie also became a kind of jobs program for out-of-work Democrats.

Franklin Raines and Jim Johnson, the CEOs under whom the worst excesses took place in the late 1990s to mid-2000s, were both high-placed Democratic operatives and advisers to presidential candidate Barack Obama.

Clinton administration official Jamie Gorelick also got taken care of by the Fannie-Freddie circle. So did top Clinton aide Rahm Emanuel, among others.

On the surface, this sounds innocent. Someone has to head the highly political Fannie and Freddie, right?

But this is why crony capitalism is so dangerous. Those in power at Fannie and Freddie, as the sirens began to wail about some of their more egregious practices, began to bully those who opposed them.

That included journalists, like the Wall Street Journal's Paul Gigot, and GOP congressmen, like Wisconsin Rep. Paul Ryan, whom Fannie and Freddie actively lobbied against in his own district. Rep. Cliff Stearns, R–Fla., who tried to hold hearings on Fannie's and Freddie's questionable accounting practices in 2004, found himself stripped of responsibility for their oversight by House Speaker Dennis Hastert—a Republican.

Where, you ask, were the regulators?

Congress created a weak regulator to oversee Freddie and Fannie—the Office of Federal Housing Enterprise Oversight—which had to go hat in hand each year to Capitol Hill for its budget, unlike other major regulators.

With lax oversight, Fannie and Freddie had a green light to expand their operations at breakneck speed.

Fannie and Freddie had a reliable coterie of supporters in the Senate, especially among Democrats.

''We now know that many of the senators who protected Fannie and Freddie, including Barack Obama, Hillary Clinton and Christopher Dodd, have received mind-boggling levels of financial support from them over the years,'' wrote economist Kevin Hassett on Bloomberg.com this week.

BUYING FRIENDS IN HIGH PLACES

Over the span of his career, Obama ranks No. 2 in campaign donations from Fannie and Freddie, taking over $125,000. Dodd, head of the Senate Banking panel, is tops at $165,000. Clinton, ranked 12th, has collected $75,000.

Meanwhile, Freddie and Fannie opened what were euphemistically called ''Partnership Offices'' in the districts of key members of Congress to channel millions of dollars in funding and patronage to their supporters.

In the space of a little more than a decade, Fannie and Freddie spent close to $150 million on lobbying efforts. So pervasive were their efforts, they seemed unassailable, even during a Republican administration.

Yet, by 2004, the crony capitalism had gone too far. Even OFHEO issued a report essentially criticizing Fannie and Freddie for Enron-style accounting that let them boost profits in order to pay their politically well-connected executives hefty bonuses.

It emerged that Clinton aide Raines, who took Fannie Mae's helm as CEO in 1999, took in nearly $100 million by the time he left in 2005. Others, including former Clinton Justice Department official Gorelick, took $75 million from the Fannie-Freddie piggy bank.

Even so, Fannie and Freddie were forced to restate their earnings by some $3.5 billion, due to the accounting shenanigans.

As we noted, those who tried to halt this frenzy of activity found themselves hit by a political buzz saw.

President Bush, reviled and criticized by Democrats, tried no fewer than 17 times, by White House count, to raise the issue of Fannie-Freddie reform. A bill cleared the Senate Banking panel in 2005, but stalled due to implacable opposition from Democrats and a critical core of GOP abettors. Rep. Barney Frank, who now runs the powerful House Financial Services Committee, helped spearhead that fight.

Now, with the taxpayer tab approaching $1 trillion or more, we're learning the costs of crony capitalism.

In the coming days, an IBD series will look into this phenomenon in greater detail—how we got here, who's responsible, and why nothing was done.